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E.O. 11652: N/A

TAGS: UNCTAD, EFIN

SUBJECT: UNCTAD DEBATE EXPERTS MEETING - CONCLUSION

1. SUMMARY: DEBATE EXPERTS CONCLUDED MEETING JULY 22 WITH APPROVAL EXPERTS' REPORT. (THE "CONCLUSION" OF REPORT IS CONTAINED IN PARAGRAPH 7.) US DEL BELIEVES USG OBJECTIVES FOR MEETING HAVE BEEN MET. RESOLUTION 94(IV) MANDATE PRESERVED, AND REPORT DOES NOT PREJUDICE USG POSITION ON TIMING OR AGENDA OF ANY SECOND MEETING. DELEGATIONS OF MAJOR GROUP B COUNTRYESS WERE AGREED ON NEED FOR HIGH-LEVEL COORDINATION AMONG GROUP B COUNTRIES TO DETERMINE STRATEGY ON DEBT FOR SEPTEMBER 5-9 OFFICIALS LEVEL MEETING PREPARING FOR LIMITED OFFICIAL USE

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TDB MINISTERIAL. END SUMMARY.

2. EXPERTS' REPORT WAS NEGOTIATED ONLY AFTER TWO LONG DAYS DIFFICULT NEGOTIATION WITH G-77. THE G-77 EXPERTS WERE ALMOST ENTIERELY THE REPRESENTATIVES OF LOW-INCOME LDCS. THERE WAS OBVIOUS RIVALRY BETWEEN EGYPT AND GHANA FOR LEADERSHIP OF GROUP. EACH PURSUED DIFFERENT TACTICS.

EGYPTIAN DEL (ALSO ONE OF THEIR REPRESENTATIVES AT CIEC) PRESSED HARD TO HAVE "POINTS OF CONVERGENCE" INCLUDED IN REPORT. HE WAS IN EFFECT PURSHING TO LIST POINTS OF AGREEMENT THAT HAD BEEN REACHED BY SOME CIEC PARTICIPANTS DURING FINAL DAYS OF CIEC. GROUP B TOOK STRONG STAND THAT THIS EXERCISE CONSTITUTED NEGOTIATING AND THUS WAS BYEYOND MANDATE OF EXPERTS' GROUP. GHANA, ON THE OTHER HAND, EMPHASIZED GREAT DIFFERENCES BETWEEN GROUP B AND GROUP 77 AND PRESSED TO HAVE DIFFERENCES LISTED IN SUCH A WAY SO AS TO CONSTITUTE AN AGENDA FOR FUTURE UNCTAD WORK. GHANA DELEGATE WAS FAR LESS EFFECTIVE THAN HIS EGYPTIAN COLLEAGUE AND WAS EASIER TO TURN OFF.

3. THE ISSUE OF A SECOND EXPERTS' MEETING AND THE AGENDA FOR SUCH WAS PARTICULARLY DIFFICULT ONE FOR US IN BOTH GROUP B AND WITH G-77 GIVEN FACT THAT WE ARE ONLY COUNTRY RESERVING POSITION ON SECOND MEETINGM US ARGUED THAT IT WAS NOT FUNCTION OF EXPERTS' GROUP TO MAKE ANY CONCLUSIONS OR RECOMMENDATIONS WHICH ATTEMPTED INFLUENCE DECISION OF SEPTEMBER OFFICIALS LEVEL MEETING ON THESE POINTS. LANGUAGE IN PARAGRAPH 3 OF CONCLUSION IS INTENDED UPHOLD USG VIEW.

R. UNCTAD SECRETARIAT ADVISES US THAT DEBT WILL NOT BE ON AGENDA OF AUGUST 23-SEPTEMBER 2 TDB MEETING. IT WILL, HOWEVER, BE A KEY ISSUE FOR THE OFFICIALS LEVEL MEETING ON LIMITED OFFICIAL USE

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SEPTEMBEE 5-9. GROUP B DELEGATES WERE IN UNANIMOUS AGREEMENT ON NEED FOR HIGH-LEVEL COORDINATION AMONG GROUP B COUNTRIES TO DETERMINE STRATEGY ON DEBT FOR SEPTEMBER MEETING. AMONG ISSUES TO BE CLARIFIED ARE WHETHER OR NOT US/EC PROPOSAL IS ACTIVE, WHERE ON-GOING DEBT DISCUSSIONS ARE TO BE PURSUED, AND THE AGENDA FOR UNCTAD'S WORK ON DEBT. THE SECRETARIAT AND G-77 HAVE EMPHASIZED THEY INTEND TO USE OFFICIALS MEETING TO SEEK BROAD UNCTAD MANDATE ON DEBT IN ORDER TO PREPARE FOR MINISTERIAL SCHEDULED FOR JANUARY.

5. MAJOR GROUP B COUNTRY DELEGATES HELD FREQUENT INFORMAL DISCUSSIONS ON FUTURE ROLE OF UNCTAD AND POSSIBILITY MOVING DEBT ISSUE INTO DEVELOPMENT COMMITTEE. BASED ON THESE DISCUSSIONS IT APPEARS THAT JAPANESE ARE VERY STRONGLY IN FAVOR OF MOVING TO DEVELOPMENT COMMITTEE FORUM. THEY FEEL ANY FUTURE UNCTAD MEETINGS WOULD INEVITABLY RESULT IN NEGOTIATION, AND WOULD PREFER AVOID UNCTAD ROLE. EUROPEAN POSITION IS LESS CLEAR. ALL GROUP B COUNTRIES (INCLUDING SWEDEN) COULD ACCEPT DEVELOPMENT COMMITTEE ROLE BUT SOME HAVE MISGIVINGS. GERMAN DELEGATES EXPRESSED SERIOUS CONCERN THAT

THE CONTENTIOUS NATURE OF DEBT ISSUE WOULD SPILL OVER INTO DEVELOPMENT COMMITTEE, AND SEVERAL EUROPEANS ARE ALSO CONCERNED AT PROSPECTS OF POLITICAL STRUGGLE WITH BOTH UNCTAD AND G-77 THE ATTEMPT TRANSFER DEBT RESPONSIBILITY WOULD ENTAIL. ONE IDEA THAT SURFACED WAS TO PUSH US/EC PROPOSAL IN THE DEVELOPMENT COMMITTEE WHILE ALLOWING UNCTAD TO PROCEED ON G-19 (NOW G77) PROPOSALS.

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6. UNCTAD SECRETARIAT PLAYED FAIRLY OBJECTIVE AND CONSTRUCTIVE ROLE IN FINAL DAYS EXPERTS MEETING. GROUP B COORDINATOR (PFAUWADEL) DID EXCELLENT JOB.

7. THE "CONCLUSIONS" OF THE EXPERTS' REPORT IS AS FOLLOWS:

A. THE EXPERTS AGREED THAT INTERNATIONAL CO-OPEATION ON THE MEANS THROUGH WHICH DEBT PROBLEMS OF DEVELOPING COUNTRIES ARE RESOLVED IN ONE OF THE MOST IMPORTANT TASKS BEFORE THE INTERNATIONAL COMMUNITY. SOLUTION AND PREVENTION OF SUCH PROBLEMS IS IN THE COMMON INTEREST OF BOTH

CREDITOR AND DEBTOR COUNTRIES. THE EXPERTS OF THE DEVELOPING COUNTRIES AND THE EXPERTS OF THE DEVELOPED MARKET ECONOMY COUNTRIES FURTHER AGREED THAT BOTH CREDITOR LIMITED OFFICIAL USE

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AND DEBTOR COUNTRIES SHOULD CO-OPERATE IN A MULTILATERAL FRAMEWORK IN ORDER TO TAKE PROMPT ACTION TO RELIEVE DEVELOPING COUNTRIES FACING DEBT PROBLEMS. THE EXPERTS OF THE DEVELOPING COUNTRIES STRESSED THAT THE SOLUTION OF THE DEBT PROBLEMS OF THESE COUNTRIES SHOULD BE UNDER CONDITIONS WHICH AVOID DISRUPTION OF THEIR DEVELOPMENT PROGRAMMES AND INTERNATIONALLY ACCEPTED DEVELOPMENT OBJECTIVES CONSISTENT WITH THE INTERNATIONAL DEVELOPMENT STRATEGY. THE EXPERTS OF DEVELOPED MARKET ECONOMY COUNTRIES STRESSED THAT THE TREATMENT OF DEBT SERVICING DIFFICULTIES REQUIRES APPROPRIATE POLICIES BY BOTH CREDITOR AND DEBTOR COUNTRIES. THE EXPERTS OF THE SOCIALIST COUNTRIES OF GROUP D NOTED THAT THE POSITIVE AND EFFICIENT SOLUTION OF PROBLEMS OF EXTERNAL INDEBTEDNESS OF DEVELOPING COUNTRIES MAY ONLY BE FOUND IN THE FRAMEWORK OF A RESTRUCTURING OF THE WHOLE SYSTEM OF INTERNATIONAL ECONOMIC RELATIONS ON A DEMOCRATIC AND EQUITABLE BASIS.

B. DURING THE DISCUSSIONS, THE GROUP ACKNOWLEDGED THAT THERE REMAIN MAJOR DIVERGENCES AMONG THE VARIOUS GROUPS ON THE NATURE OF THE SITUATION AND THE MERIT OF THE VARIOUS PROPOSALS TO DEAL WITH THE PROBLEMS RELATED TO THE EXTERNAL INDEBTEDNESS OF THE DEVELOPING COUNTRIES. ALL GROUP B EXPERTS CONSIDERED THE EUROPEAN ECONOMIC COMMUNITY - UNITED STATES PAPER SUBMITTED AT THE CONFERENCE ON INTERNATIONAL ECONOMIC CO-OPERATION AS BEING FULLY RESPONSIVE TO THE MANDATE OF RESOLUTION 94(IV) AND AS BEING A PRACTICAL AND REALISTIC RESPONSE TO THE CURRENT DEBT SITUATION OF DEVELOPING COUNTRIES. IN ADDITION, ATTENTION WAS ALSO DRAWN TO THE SWEDISH PROPOSAL SUBMITTED AT THE CONFERENCE ON INTERNATIONAL ECONOMIC CO-OPERATION AND ONE EXPERT FROM THE GROUP B FELT THAT THE CASE FOR ODA DEBT RELIEF MEASURES IN FAVOUR OF THE POOREST COUNTRIES LIMITED OFFICIAL USE

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WAS STILL VALID. THE EXPERTS FROM THE DEVELOPING COUNTRIES EXPRESSED THEIR CONVICTION THAT THE PROPOSALS OF THESE COUNTRIES ON IMMEDIATE AND GENERALIZED DEBT RELIEF AND ON FUTURE DEBT REORGANIZATION FOR INTERESTED DEVELOPING COUNTRIES WHICH ARE ANNEXED TO THIS REPORT, PROVIDE THE MOST ADEQUATE SOLUTION TO THEIR EXTERNAL

DEBT PROBLEM. IN ADDITION, THEY EXPRESSED THE VIEW THAT MORE SPECIFIC TERMS OF REFERENCE WILL EXPEDITE FURTHER WORK OF THIS GROUP. THE EXPERTS OF THE SOCIALIST COUNTRIES OF GROUP D STRESSED THAT CREDIT RELATIONSHIPS BETWEEN THE SOCIALIST COUNTRIES AND THE DEVELOPING COUNTRIES BEAR A SPECIAL CHARACTER. CORRESPONDINGLY THE SOCIALIST COUNTRIES ARE READY ON A BILATERAL BASIS AND TAKING INTO ACCOUNT SPECIFIC SITUATIONS TO COOPERATE WITH INTERESTED DEVELOPING COUNTRIES IN THE SEARCH FOR MUTUALLY ACCEPTABLE SOLUTIONS FOR MONETARY AND FINANCIAL POLICIES.

C. THE GROUP IS CONVINCED OF THE NEED FOR INTERNATIONAL CO-OPERATION IN THIS FIELD. THE GROUP AGREED THAT, IF THE TRADE AND DEVELOPMENT BOARD, IN THE FIRST PART OF ITS NINTH SPECIAL SESSION, CONFIRMED THE ARRANGEMENTS FOR A SECOND MEETING OF THE GROUP, IT WOULD BE APPROPRIATE FOR THE BOARD TO CONSIDER THE GROUP'S AGENDA IN LIGHT OF THIS IGE REPORT.
VANDEN HEUVEL

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